

Louisiana Senate Finance Committee



FY18 Executive Budget

14 – Louisiana Workforce Commission

May 2017

Sen. John A. Alario, Jr., President

Sen. Eric LaFleur, Chairman





FY18 Executive Budget

Schedule 14 — Workforce Commission Agencies

Departmental mission — “The mission of the Louisiana Workforce Commission (LWC) is utilizing state, federal, and private resources to provide the training, employment, assistance, and regulatory services to increase employment, and to promote workplace safety and expanded employment opportunities in the State of Louisiana in a climate favorable to business, workers, and job seekers.

14-474 Workforce Support and Training

Executive Director

The Office of the Executive Director provides leadership and management of all departmental programs, communicates departmental direction, ensures the quality of services provided, and fosters better relations with all stakeholders, thereby increasing awareness and use of departmental services.

Management and Finance

The Office of Management and Finance develops, promotes and implements the policies and mandates, and provides technical and administrative support, necessary to fulfill the vision and mission of the Louisiana Workforce Commission in serving its customers. The Louisiana Workforce Commission customers include department management, programs and employees, the Division of Administration, various federal and state agencies, local political subdivisions, citizens of Louisiana, and vendors.

Information Systems

The Office of Information Systems provides timely and accurate labor market information, and provides information technology solutions to the Louisiana Workforce Commission, its customers and stakeholders. It is also the mission of this program to collect and analyze labor market and economic data for dissemination to assist Louisiana and nationwide job seekers, employers, education, training program planners, training program providers, and all other interested persons and organizations in making informed workforce decisions.

Workforce Development

The Office of Workforce Development provides high quality employment, training services, supportive services, and other employment related services to businesses and job seekers to develop a diversely skilled workforce with access to good paying jobs and to support and protect the rights and interests of Louisiana's workers through the administration and enforcement of state worker protection statutes and regulations.

Unemployment Insurance

The Office of Unemployment Insurance Administration promotes a stable, growth-oriented Louisiana through the administration of a solvent and secure Unemployment Insurance Trust Fund, which is supported by employer taxes. It is also the mission of this program to pay Unemployment Compensation Benefits to eligible unemployed workers.

Workers Compensation

The Office of Workers Compensation Administration establishes standards of payment, utilizes and reviews procedure of injured worker claims, and receives, processes, hears and resolves legal actions in compliance with state statutes. It is also the mission of this office to educate and influence employers and employees in adopting comprehensive safety and health policies, practices and procedures, and to collect fees.

2nd Injury Board

The Office of the 2nd Injury Board encourages the employment of workers with a permanent condition that is an obstacle to employment or reemployment, by reimbursing the employer or if insured their insurer for the costs of workers' compensation benefits when such a worker sustains a subsequent job related injury. The Office of the 2nd Injury Board obtains assessments from insurance companies and self-insured employers, and reimburses those clients who have met the prerequisites.



Workforce Commission FY16, FY17, and FY18 Comparison

Total Funding — All Means of Finance

| Total Funding | FY16 Actual | FY17 Enacted | FY17 EOB as of 12-1-16 | FY18 Recommended | FY18 Re-engrossed HB1 | Difference FY18 Re-engrossed HB1 vs. FY17 EOB as of 12-1-16 |
|--------------------------------|-----------------------|-----------------------|------------------------|-----------------------|-----------------------|---|
| Preamble | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Workforce Support and Training | \$ 244,714,547 | \$ 283,228,048 | \$ 283,228,048 | \$ 284,914,154 | \$ 287,261,572 | \$ 4,033,524 |
| TOTAL | \$ 244,714,547 | \$ 283,228,048 | \$ 283,228,048 | \$ 284,914,154 | \$ 287,261,572 | \$ 4,033,524 |
| Total Authorized FTEs | 917 | 917 | 929 | 925 | 925 | \$ (4) |

| EOB March 2017 | FY18 Re-engrossed HB1 | Difference |
|----------------|-----------------------|--------------|
| \$ 283,015,571 | \$ 287,261,572 | \$ 4,246,001 |
| 929 | 925 | (4) |

Total State Effort — State General Fund, Dedicated Funds, and Fees and Self-generated Revenue

| FY17 EOB as of 12-1-16 | FY17 EOB as of March 2017 (Includes Attrition Adjustment) | Difference | FY18 Recommended | Difference | FY18 Re-engrossed HB1 | Difference | Difference |
|---------------------------|---|---------------------------------------|---------------------------|--|---------------------------|---|---|
| TOTAL STATE EFFORT | TOTAL STATE EFFORT | EOB 12-1-16 vs. EOB March 2017 | TOTAL STATE EFFORT | EOB March 2017 vs. FY18 Recommended | TOTAL STATE EFFORT | EOB March 2017 vs. FY18 Re-engrossed | FY18 Recommended vs. FY18 Re-engrossed |
| \$ 116,599,122 | \$ 116,386,645 | \$ (212,477) | \$ 117,114,168 | \$ 727,523 | \$ 117,614,168 | \$ 1,227,523 | \$ 500,000 |

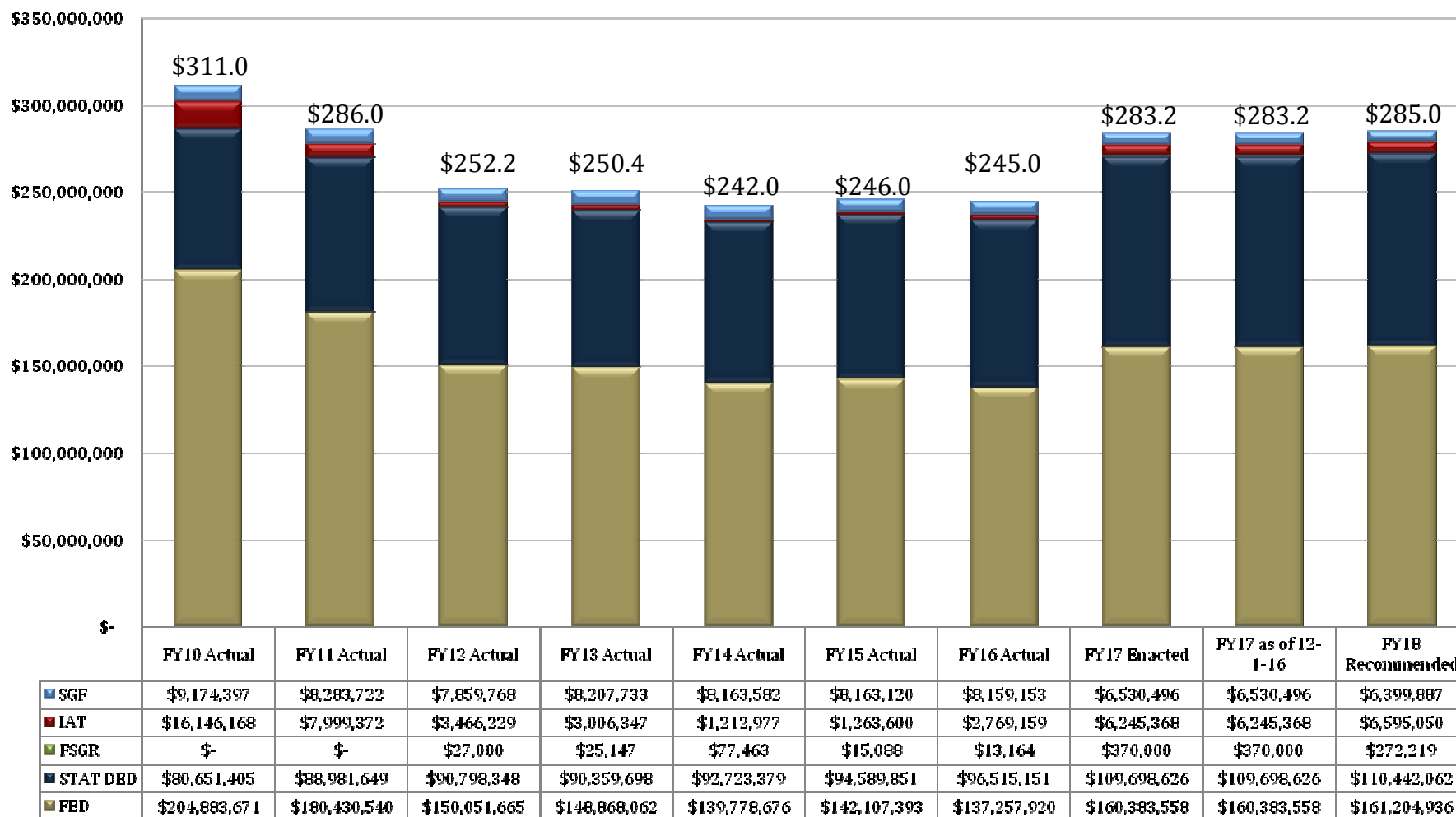


Workforce Commission

Changes in Funding since FY10

**Total Budget by Fiscal Year and Means of Finance
(in \$ millions)**

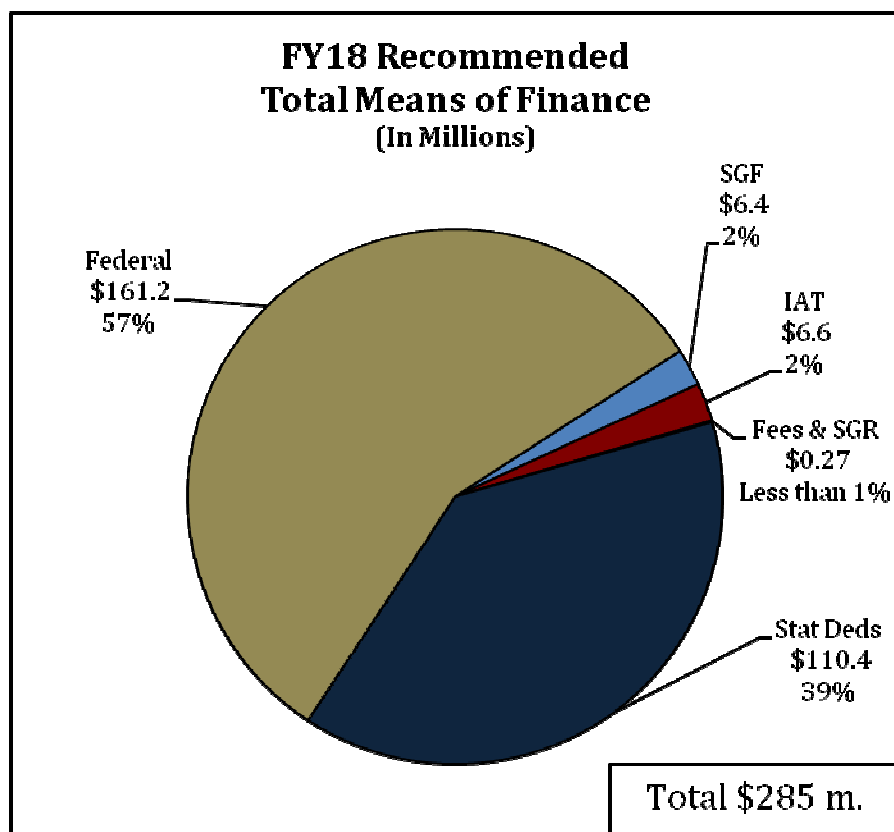
Change from FY10 to FY18 is -8.4%.





Workforce Commission

FY18 Recommended Means of Finance



Non-SGF Sources of Funding:

Non-SGF funding sources for the Louisiana Workforce Commission include Interagency Transfers, Fees and Self-generated Revenues, Statutory Dedications, and Federal Funds.

Interagency Transfers are derived from DCFS for the Louisiana Job Employment and Training Program (LaJET) and the Strategies to Empower People Program (STEP).

Statutory Dedications, which make up thirty-nine percent of the department's budget, are derived from the Workers' Compensation 2nd Injury Fund, Incumbent Worker Training Account, Office of Workers' Compensation Administration Fund, Employment Security Administration Account, Penalty and Interest Account, and the Blind Vendors Trust Fund.

Federal Funds, which make up fifty-seven percent of the department's funding, are derived from Employment Security Grants, Employment Security Administration Account, Workforce Innovations and Opportunity Act (WIOA), Federal Reed Act, and the Employment and Training Grants.



Workforce Commission FY18 Recommended Means of Finance by Agency

| Total MOF by Agency | SGF | IAT | FSGR | Stat Deds | Federal | Total |
|------------------------|-------------|-------------|-----------|---------------|---------------|---------------|
| Executive Director | \$0 | \$0 | \$0 | \$2,178,470 | \$2,129,812 | \$4,308,282 |
| Management and Finance | \$0 | \$0 | \$0 | \$2,176,605 | \$16,476,939 | \$18,653,544 |
| Information Systems | \$0 | \$0 | \$0 | \$1,708,551 | \$13,943,025 | \$15,651,576 |
| Workforce Development | \$6,399,887 | \$6,595,050 | \$272,219 | \$28,791,161 | \$100,388,683 | \$142,447,000 |
| Unemployment Insurance | \$0 | \$0 | \$0 | \$3,148,874 | \$27,225,502 | \$30,374,376 |
| Workers Compensation | \$0 | \$0 | \$0 | \$13,227,587 | \$1,040,975 | \$14,268,562 |
| 2nd Injury Board | \$0 | \$0 | \$0 | \$59,210,814 | \$0 | \$59,210,814 |
| TOTALS | \$6,399,887 | \$6,595,050 | \$272,219 | \$110,442,062 | \$161,204,936 | \$284,914,154 |



Workforce Commission Dedicated Funds FY16, FY17, and FY18

| Dedicated Funds | Source of Funding | FY16 Actual | FY17 Enacted | FY18 Recommended |
|---|---|---------------------|----------------------|----------------------|
| Blind Vendors Trust Fund | Fees ; Monies collected from certain vending machines located on state, federal, and other property pursuant to the Randolph-Sheppard Act | \$398,999 | \$672,243 | \$720,962 |
| Employment Security Administration Account | Insurance taxes | \$2,116,759 | \$4,000,000 | \$4,000,000 |
| Incumbent Worker Training Account | Insurance taxes | \$15,516,064 | \$25,379,731 | \$25,568,353 |
| Office of Workers' Compensation Admin. Fund | Insurance taxes | \$15,183,662 | \$16,367,459 | \$16,647,779 |
| Penalty and Interest Account | Interest, Fines, and Penalties collected from employers. | \$2,838,721 | \$2,952,216 | \$3,173,507 |
| Workers' Compensation Second Injury Fund | Insurance taxes | \$60,460,946 | \$60,326,977 | \$60,331,461 |
| TOTALS | | \$96,515,151 | \$109,698,626 | \$110,442,062 |

Dedicated Funds used to solve FY17 Mid-Year Deficits — Includes December and February Adjustments

| Dedicated Fund | Amount |
|----------------|--------|
| -- | -- |



Workforce Commission Expenditures

FY16, FY17, and FY18

| Expenditure Category | FY16 Actual | FY17 Enacted | FY18 Recommended | Percent Change FY17 Enacted vs. FY18 Recommended |
|--|----------------------|----------------------|----------------------|--|
| Personal Services: | \$74,398,647 | \$72,629,640 | \$77,281,542 | 6.4 |
| Salaries | \$42,217,520 | \$42,010,895 | \$44,411,297 | 5.7 |
| Other Compensation | \$3,683,225 | \$2,108,675 | \$2,108,675 | - |
| Related Benefits | \$28,497,902 | \$28,510,070 | \$30,761,570 | 7.9 |
| Operating Expenses: | \$9,503,016 | \$16,165,755 | \$16,165,755 | - |
| Travel | \$841,508 | \$925,165 | \$925,165 | - |
| Operating Services | \$8,002,794 | \$14,293,856 | \$14,293,856 | - |
| Supplies | \$658,714 | \$946,734 | \$946,734 | - |
| Professional Services | \$5,131,884 | \$9,294,241 | \$7,415,410 | (20.2) |
| Other Charges: | \$155,679,518 | \$185,138,412 | \$184,051,447 | (0.6) |
| Other Charges | \$142,864,681 | \$168,466,756 | \$167,757,657 | (0.4) |
| Debt Service | \$0 | \$0 | \$0 | - |
| Interagency Transfers | \$12,814,837 | \$16,671,656 | \$16,293,790 | (2.3) |
| Acquisitions & Major Repairs: | \$1,482 | \$0 | \$0 | - |
| Acquisitions | \$1,482 | \$0 | \$0 | - |
| Major Repairs | \$0 | \$0 | \$0 | - |
| Total Expenditures | \$244,714,547 | \$283,228,048 | \$284,914,154 | 0.6 |



Workforce Commission

Total Statewide Adjustments for FY18

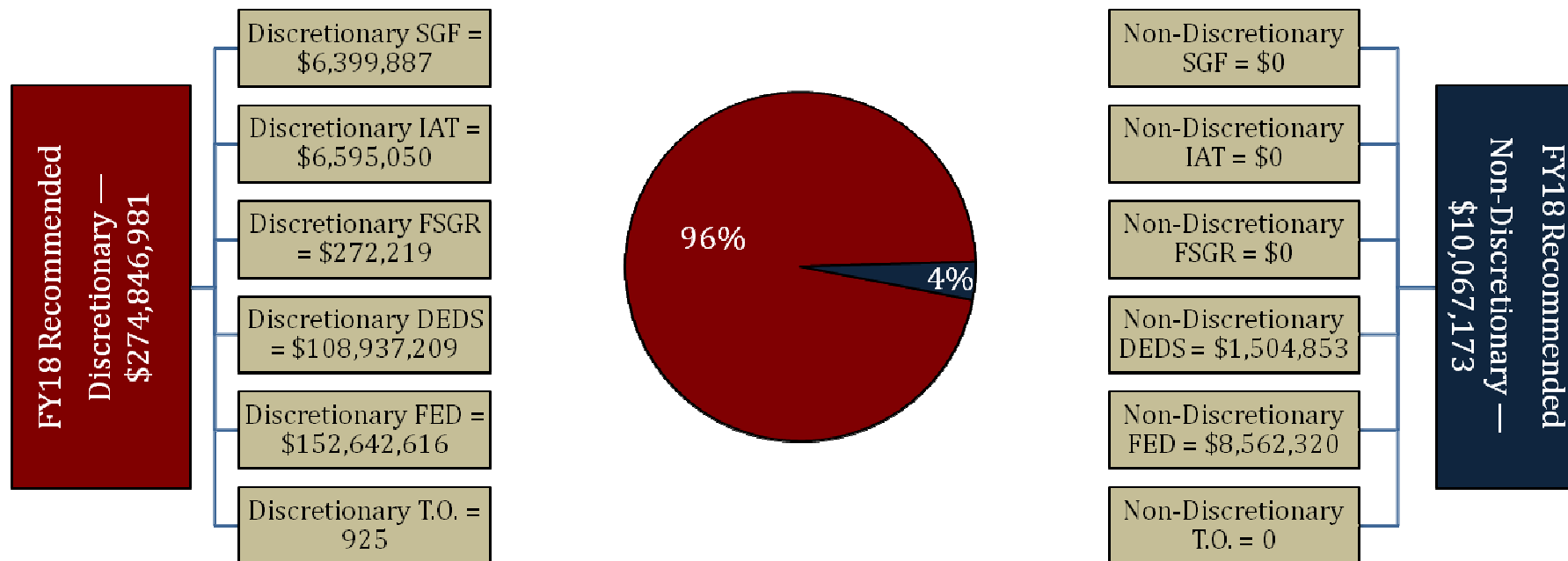
14A_LWC
Louisiana Workforce Commission
ADJUSTMENTS TO EXISTING OPERATING BUDGET
Recommended

| GEN. FUND | I.A.T. | SELF-GEN. | STAT. DED. | I.E.B. | FEDERAL | TOTAL | T.O. | DESCRIPTION |
|-------------------------------|-------------|------------|---------------|--------|---------------|---------------|------|---|
| \$6,530,496 | \$6,245,368 | \$370,000 | \$109,698,626 | \$0 | \$160,383,558 | \$283,228,048 | 929 | Existing Oper Budget as of 12/01/16 |
| A. STATEWIDE STANDARDS | | | | | | | | |
| (\$130,609) | \$0 | \$0 | \$0 | \$0 | (\$482,579) | (\$613,188) | 0 | State General Fund (SGF) reduction in accordance with the Louisiana Constitution, Article VII, Section 11(A). |
| \$0 | \$0 | \$0 | \$420 | \$0 | \$3,615 | \$4,035 | 0 | Civil Service Training Series |
| \$0 | \$0 | \$0 | \$206,022 | \$0 | \$1,443,140 | \$1,649,162 | 0 | Related Benefits Base Adjustment |
| \$0 | \$0 | \$0 | \$186,582 | \$0 | \$661,041 | \$847,623 | 0 | Retirement Rate Adjustment |
| \$0 | \$0 | \$0 | \$480,080 | \$0 | \$2,501,524 | \$2,981,604 | 0 | Salary Base Adjustment |
| \$0 | \$0 | \$0 | (\$281,498) | \$0 | (\$1,043,012) | (\$1,324,510) | 0 | Attrition Adjustment |
| \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | (4) | Personnel Reductions |
| \$0 | \$0 | \$0 | \$74,148 | \$0 | \$85,766 | \$159,914 | 0 | Risk Management |
| \$0 | \$0 | \$0 | \$64,879 | \$0 | \$0 | \$64,879 | 0 | Legislative Auditor Fees |
| \$0 | \$0 | \$0 | (\$5,394) | \$0 | (\$13,281) | (\$18,675) | 0 | Rent in State-Owned Buildings |
| \$0 | \$0 | \$0 | (\$299) | \$0 | (\$17,839) | (\$18,138) | 0 | Maintenance in State-Owned Buildings |
| \$0 | \$0 | \$0 | \$0 | \$0 | \$16,858 | \$16,858 | 0 | Capitol Police |
| \$0 | \$0 | \$0 | (\$76) | \$0 | (\$210) | (\$286) | 0 | UPS Fees |
| \$0 | \$0 | \$0 | (\$4,029) | \$0 | (\$10,928) | (\$14,957) | 0 | Civil Service Fees |
| \$0 | \$0 | \$0 | (\$611) | \$0 | \$0 | (\$611) | 0 | State Treasury Fees |
| \$0 | \$0 | \$0 | \$6,653 | \$0 | \$34,025 | \$40,678 | 0 | Office of Technology Services (OTS) |
| \$0 | \$0 | \$0 | \$16,559 | \$0 | \$44,901 | \$61,460 | 0 | Office of State Procurement |
| \$0 | \$349,682 | (\$97,781) | \$0 | \$0 | (\$2,401,643) | (\$2,149,742) | 0 | TOTAL OTHER ADJUSTMENTS ADJUSTMENT |
| \$6,399,887 | \$6,595,050 | \$272,219 | \$110,442,062 | \$0 | \$161,204,936 | \$284,914,154 | 925 | Total Budget |



Workforce Commission

FY18 Discretionary/Non-Discretionary Comparison



| Total Discretionary Funding by Office | | |
|---------------------------------------|-----------------------|-------------|
| Executive Director | \$ 3,618,490 | 1% |
| Management and Finance | \$ 9,276,163 | 3% |
| Information Systems | \$ 15,651,576 | 6% |
| Workforce Development | \$ 142,447,000 | 52% |
| Unemployment Insurance Admin. | \$ 30,374,376 | 11% |
| Workers Compensation Admin. | \$ 14,268,562 | 5% |
| 2nd Injury Board | \$ 59,210,814 | 22% |
| Total Discretionary | \$ 274,846,981 | 100% |

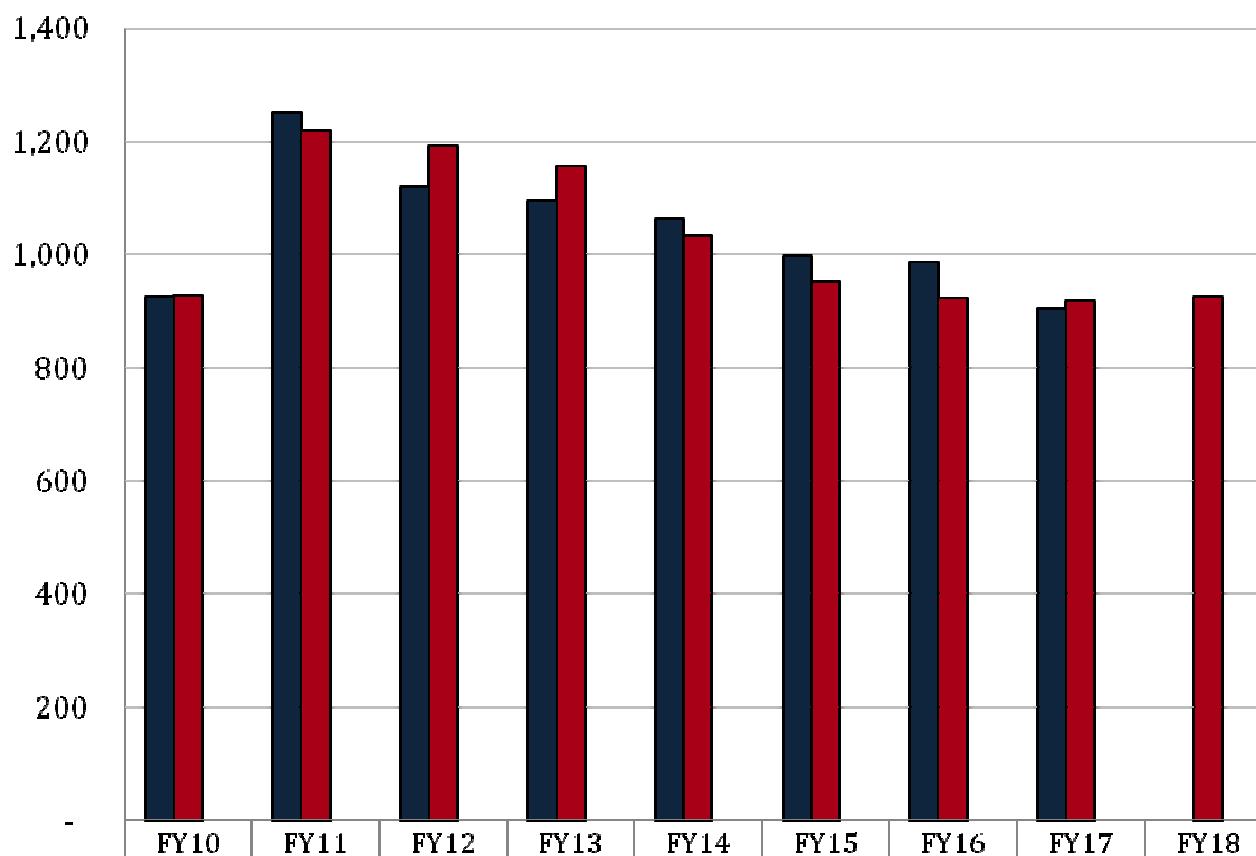
| Total Non-Discretionary Funding by Type | | |
|---|----------------------|-------------|
| Needed for Debt Service | \$ 697,031 | 7% |
| Unavoidable Obligations | \$ 9,370,142 | 93% |
| Total Non-Discretionary | \$ 10,067,173 | 100% |

Debt Service = Rent in State-owned Buildings
Unavoidable Obligations = Retirees Group Insurance; Maintenance in State-owned Buildings; and Legislative Auditor Fees.



Workforce Commission

FTEs, Authorized Positions, and Other Charges Positions



| | | | | | | | | | |
|---|-----|-------|-------|-------|-------|-----|-----|-----|-----|
| ■ Total FTEs (as of July 1 of each fiscal year) | 924 | 1,250 | 1,120 | 1,095 | 1,063 | 997 | 985 | 905 | - |
| ■ Total Authorized Positions (Enacted) | 928 | 1,219 | 1,191 | 1,155 | 1,033 | 952 | 923 | 917 | 925 |
| ■ Authorized Other Charges Positions | - | - | - | - | - | - | - | - | - |

Notes:

Data for Total FTEs uses the first weekly employment report published by State Civil Service in July at the start of the named fiscal year.

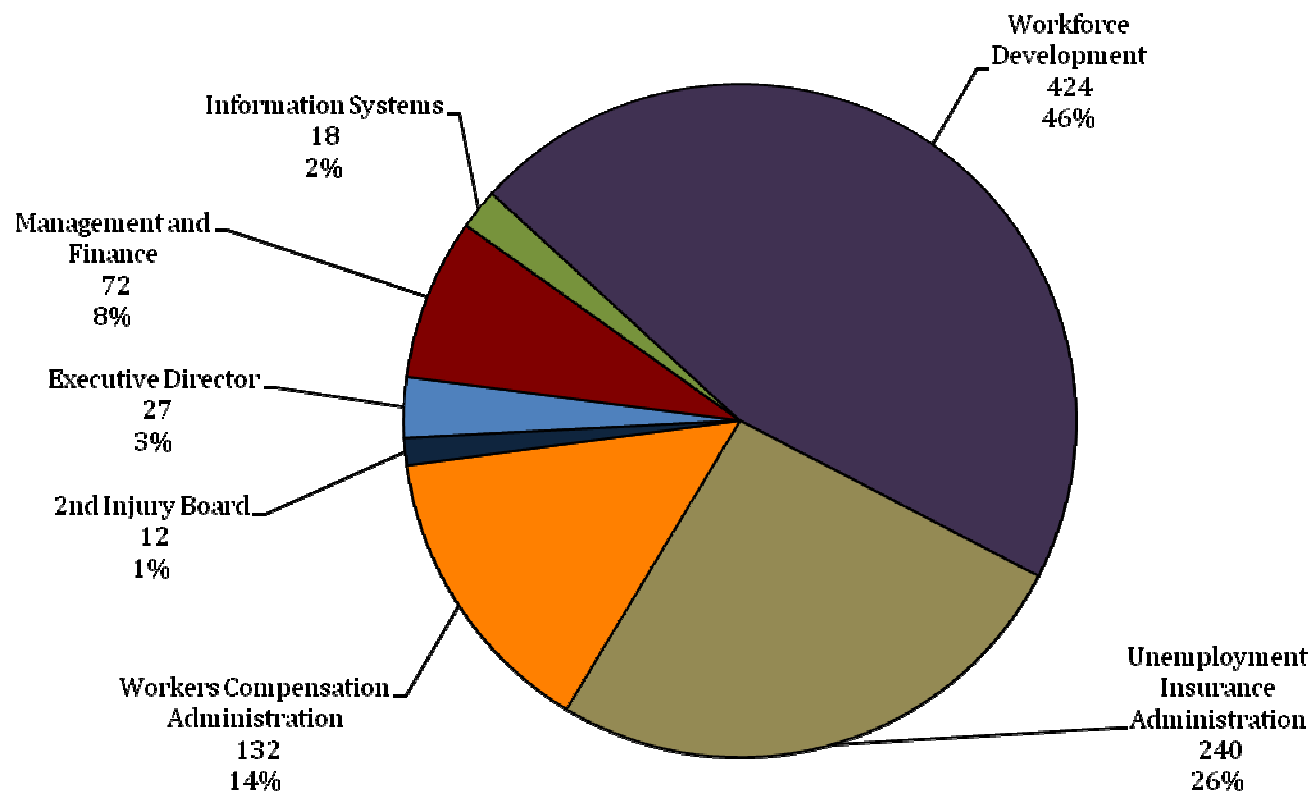
Data for Total Authorized Positions uses fiscal year enacted levels, except for FY18 Recommended.

Data for Other Charges Positions are reflected in the Executive Budget per Act 377 of the 2013 Regular Legislative Session (beginning in FY15).



Workforce Commission

FY18 Recommended Total Authorized Positions by Agency



| Workforce Support and Training | |
|---------------------------------------|-----|
| Executive Director | 27 |
| Management and Finance | 72 |
| Information Systems | 18 |
| Workforce Development | 424 |
| Unemployment Insurance Administration | 240 |
| Workers Compensation Administration | 132 |
| 2nd Injury Board | 12 |



Workforce Commission Significant Increases for FY18

| Increase | Source | T.O. | Agency | Description |
|-----------|-----------------------|------|-----------------------|---|
| \$999,682 | Interagency Transfers | 0 | Workforce Development | Increase in funding in the Office of Workforce Development from the Department of Children and Family Services for the Louisiana Job Employment and Training Program (LaJET). Increasing the amount of clients being served through job training activities will result in them achieving self-sufficiency. |



Workforce Commission Significant Decreases for FY18

| Decrease | Source | T.O. | Agency | Description |
|---------------|--------------|------|-----------------------|--|
| (\$130,609) | General Fund | 0 | LWC | Reduction in accordance with Louisiana Constitution, Article VII, Section 11(A). |
| (\$3,051,643) | IAT; Federal | 0 | Workforce Development | Decrease in Interagency Transfers (\$650,000) and matching Federal Funds (\$2,401,643) from the Louisiana Community and Technical Colleges System (LCTCS) for Louisiana Vocational Rehabilitation Services (LRS) activities. |



Workforce Commission

Significant Means of Financing Substitutions for FY18

| MOF Swap | Source | T.O. | Agency | Description |
|----------|--------|------|--------|-------------|
| --- | --- | --- | --- | --- |



Workforce Commission

Changes from FY18 Recommended to FY18 Re-engrossed

| Changes from FY18 Recommended to FY18 Re- engrossed | Source | T.O. | Agency | Description |
|---|--------------------------------|------|-----------------------|---|
| \$2,347,418 | General Fund; Federal Funds | 0 | Workforce Development | Increases State General Fund by \$500,000 and Federal Funds by \$1,847,418 in the Office of Workforce Development for Louisiana Rehabilitation Services activities. |